

GENERAL INFORMATION

Submission of the Annual Report to the Speaker/Mayor

To the Speaker/Mayor, Cllr Sizwe Alfred Mngwevu; I have the honour of presenting the 2010/11 Annual Report.

Mr Thandekile Themba Mnyimba

Municipal Manager

FOREWORD BY THE SPEAKER/MAYOR

I would like to take this opportunity to thank both our voters' partners in government for their support in 2010/2011 municipal annual year. It has been a very challenging year indeed, however council has managed to weather the storms and we have seen continuous growth, in particular with our flagship programmes.

Poverty eradication is still one of the biggest challenge facing our area within this context of our municipality has committed itself to the country and the people of Ikwezi on sustainable Development Millennium Targets to eradicate poverty as well as accelerating service delivery. The most important step we have taken towards addressing these targets is through our Municipal Infrastructure Grant Programme in addressing 105 million Infrastructure Backlog e.g. upgrading roads and storm water drainage at a backlog cost of 28 million, Electricity Reticulation in Janesville and Upgrading of Sub Station at a cost of 11 million and Installation of High Mass Lighting at a cost of R1,6 million.

The aim is to provide all the people of Ikwezi with at least a basic level of service by 2015. It is part of Ikwezi overall strategy to eradicate poverty and to create conditions for local economic development. The programme will therefore maximize opportunities for employment creation and enterprise development.

Free basic services Council has set aside R2m for the new financial year for the social safety net. The Indigent Register and Policy are reviewed annually. In 2010/2011 only 1324 households benefited from FBS.

Financial Viability 2009/2010 financial year, the municipality prepared its Annual Financial Statements according to GRAP Standards for the first time. The municipality converted successfully although faced with GRAP 17 related challenges.

Revenue Collection rate improved from 30% in 2006/2007 to 51% in the current financial year to date. 52% of the municipal revenue is grant funding and the municipality is in a financial stable position and improved immensely over the past four years. Development, implementation and reviewing of the Financial Recovery Plan has yielded positive results.

The municipality has move from a history of under expenditure to an culture of spending appropriately to date the municipality has already spent 85% of its MIG funding. The operational budget will be fully spent by end June 2012.

Challenges Confronting the municipality to finance the general valuation, consolidation of Wolwefontein assets register to that of Ikwezi, unbundling of assets and capacity building for IT interns and Assistance in drafting an Investment strategy and Industrial Zone Development Plan.

Good Governance and Public Participation through establishment of ward committees for the first time during 2011 local government elections and all four ward committees has been Inducted by SALGA.

The Audit Committee is a shared service with Camdeboo and Blue Crane Route this Committee sits on a quarterly basis and rotates to all municipalities. The audit committee will focus in the standing items e.g. audit action plan, PMS and progress on risk management issues with a clear audit charter.

I hope 2012/2013 will be a more successful year in terms of the nation realising faster growth especially in ensuring job creation and alleviation of poverty.

I also hope that our municipality will build on the successes terms of improving the audit outcome level of accountability and audit statuses to build more confidence within our respective community and ensuring our service delivery mandate are communicated to the community and continuously work with them ensuring that necessary interventions are in place deal with such challenges.

We thank you for your continued support

Cllr Sizwe Alfred Mngwevu

Speaker/Mayor

YEARLY PROGRAMME PRIORITY STATEMENT

Number	Activity	Date	Comment
1.	Tabling of Performance Agreements and Personal Development Plans to Council	July 2010	Successfull
2.	Tabling of IDP Process Plan to Council	August 2010	Successful
3.	Strategic Planning Session	June 2010	Successful
4.	Submission of Annual Financial Statements to the Office of the Auditor General	August 2010	Successful
5.	Comprehensive Rural Development Programme	September 2010	Successful
6.	Public Participation	September 2010	Successful
7.	Visit to Botswana	November 2010	Successful
8.	Ikwezi Mohair Festival	November 2010	Successfull
9.	Adoption of Draft Annual Report	January 2011	Successful
10.	Adoption of Mid Year Report by Council	January 2011	Successful
11.	Adoption of Adjustment Budget by Council	January 2011	Successful
12.	Adoption of Final Annual Report to Council	March 2011	Successfull
13.	Adoption of Draft IDP by Council	March 2011	Successfull
14.	Adoption of Draft Budget by Council	March 2011	Successfull
15.	Public Participation	April 2011	Successfull
16.	Final Adoption of IDP and Budget by Council	April 2011	Successfull

OVERVIEW OF IKWEZI MUNICIPALITY

Ikwezi Local Municipality is located within the Eastern Cape Province, one of nine local municipalities located within Cacadu District Municipality (CDM). Jansenville is bordered by the Sundays River south of the town. Klipplaat is dominated by pre-dominantly defunct railway lines and shunting yards whereas Waterford may be characterised as a small rural node historically established to serve the surrounding farming community. The municipal area has a population of 11 452 (2 588 households) (Census 2007) and covers an area of 4,563 km² (Urban Dynamics).

It is an area characterized by low population density and high levels of poverty. 76% of households earn less than R1 600 per month. Economic studies generally describe the area as having very limited economic potential with all settlements rated as level 1 settlement hierarchy (ABP 2009). The area is challenged with excessive bulk water constraints as well as very poor quality water.

Since 1996, the population of Ikwezi Municipal area grew at an average annual growth rate of 0.1% per annum compared to the 1.1 district population growth rate, the 0.3% population growth rate provincially and the 1.2% population growth rate nationally.

In 2007, children under the age of 15 accounted for approximately 27.69% of Ikwezi Local Municipality's population whereas in 1996, children under the age of 15 accounted for 34.19% of Ikwezi Local Municipality's population which is reflective of the decline in year on year population growth rates within the municipal area.

In 1996, 2001 and 2007 the population of Ikwezi Municipal area who were HIV positive numbered 160, 788, and 1 068 respectively. In 1996, 2001 and 2007 the percentage of the population of Ikwezi Municipal area who were HIV positive were 1.54%, 7.55% and 10.25% respectively.

In 2007, Ikwezi Local Municipality's Human Development Index was 0.53, lower than Cacadu District's HDI (0.57) and equal to the Provincial index of 0.53.

The distribution of income within the municipal area has worsened between 1996 and 2007 from 0,57 to 0,66. The percentage of people in poverty has increased from 48% in 1996 to 56% in 2007 representing a total population of 5 837 people living in poverty.

The level of education composition reveals that there has been an increase in higher levels of schooling with the Ikwezi Municipal area. 7 % of the population had a minimum of a matric (grade 12) in 1996 whereas 15 % of the population had a minimum of a matric (grade 12) in 2007. Considering the skills shortages that currently exist, greater emphasis must be placed on the delivery of educational services.

In 2007, Ikwezi Local Municipality was 68.8% urbanised as compared to 71.4% for the Cacadu District.

The percentage of people unemployed within Ikwezi Municipal area in 2007 is 39.4%. There has been a gradual increase in the unemployment rate from 1996 which originally stood at 29.3%. Total employment within the Ikwezi Municipal area is dominated by the agricultural sector comprising 32.5%. The highest levels of employment in the formal sector are in the Agricultural sector (43%) and the Community Services sector (25%). The dominant sector in the informal sector is day to day trading which accounts for 38% of informal sector employment.

Ikwezi Local Municipality's economy registered positive growth during the past decade. The municipal area will have to maintain its growth rate to have a significant improvement on welfare indicators.

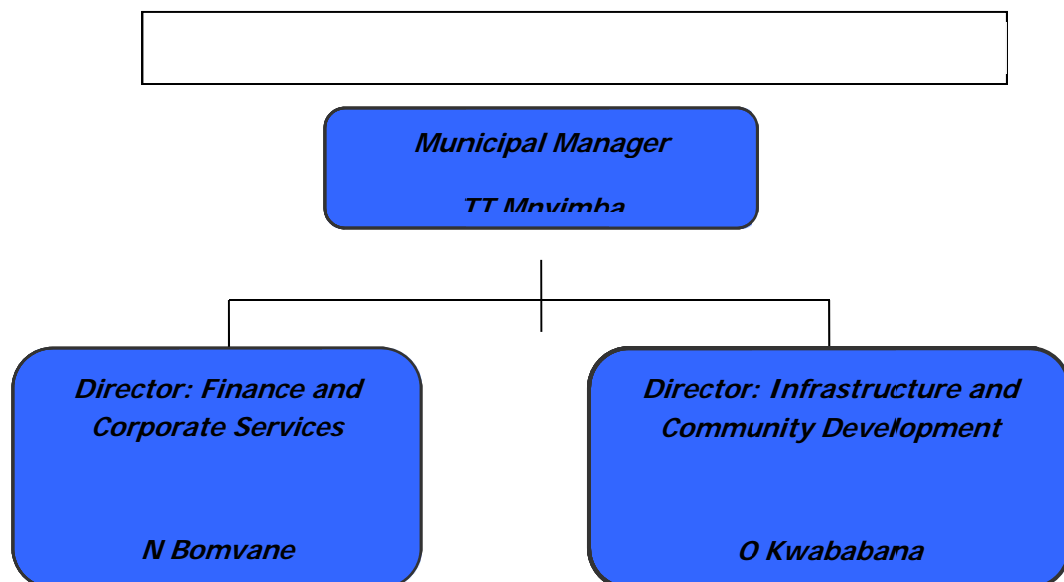
The economic production structure of Ikwezi Local Municipality is more diversified as compared to the Eastern Cape Provincial economy. The level of vulnerability for the Ikwezi Local Municipality has decreased slightly between 1996 and 2007.

EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER

Ikwezi Local Municipality is a Plenary System where the Speaker serves as a Mayor. There are seven councillors in total, five from the African National Congress (ANC) including the Speaker/Mayor which is the ruling party, and two from the Democratic Alliance (DA). We currently have four wards.

The following diagram shows the administrative leadership of the municipality during the year under review:

Diagram 1: Ikwezi Administration



Ikwezi Municipality has stabilised at senior management level as it had high staff turnover at this level. This stability has brought remarkable progress in the implementation of municipal grand strategy.

Management also introduced the second layer leadership of managers reporting to section 57 managers. The absence of the second layer of leadership was posing a serious challenge in terms checks and balances (segregation of duties) and capacity.

Performance assessments have improved significantly during the year under review. This can be attributed to the stability at senior management level as already alluded to. The performance assessments for senior managers have been sitting quarterly; with those of the managers reporting to the Municipal Manager being chaired by the chairperson of Audit Committee. The assessment for the Municipal Manager has been chaired by the Mayor.

The municipality is prioritising this important aspect of its strategic planning process. The municipality has applied to the district for funding in the new financial year.

The municipality managed to increase the number of registered projects on MIG and was fully committed for the whole Medium Term Expenditure Framework (MTEF) period. This is the first time that the municipality is in such a good position. We have worked very hard to improve and addressing challenges at Supply Chain Management as this was seriously hampering service delivery as a result of delays in assessing tenders.

Housing continues to pose a serious challenge to the municipality. Municipal and housing officials are working tirelessly to sort out all blockages in the completion of all housing projects in Ikwezi.

The municipality continues to improve its financial position and for the first time, the municipality will be reporting on GRAP during the year under review. As a low capacity municipality, this is a huge step for the municipality. Council has done all the right things to ensure smooth transition. Council is working very hard to maintain an unqualified audit opinion.

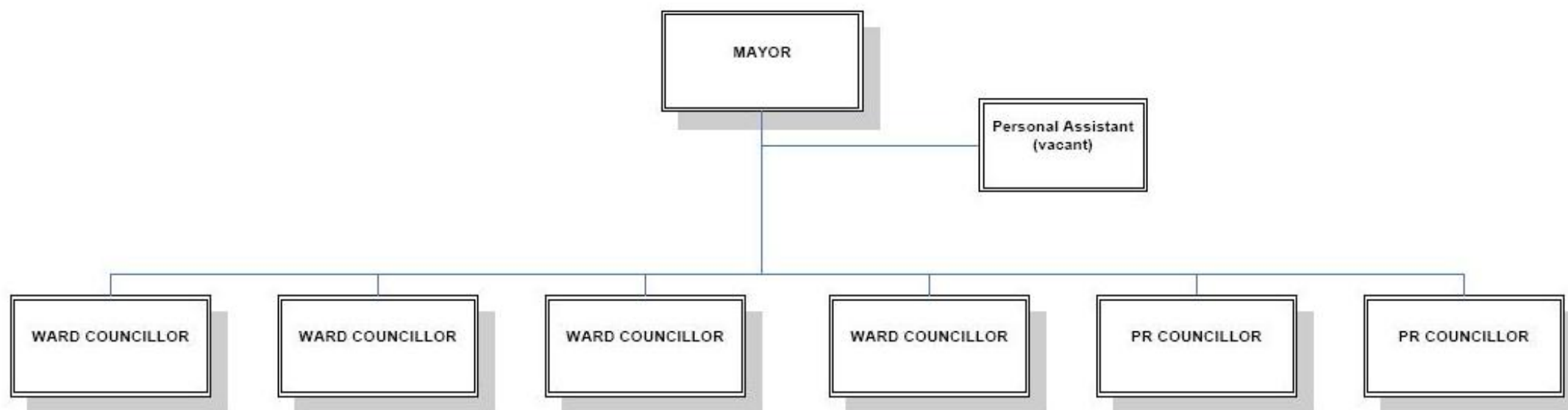
Council established portfolio committees to ensure that political oversight is maximised. This milestone also seeks to ensure that good governance and accountability is maintained. A Risk Register was developed and managed on a monthly basis by the Municipal Manager and reported quarterly to the Audit Committee for comment and advice.

Chapter 1: INSTITUTIONAL TRANSFORMATION (KPA1)

Approved organisational structure

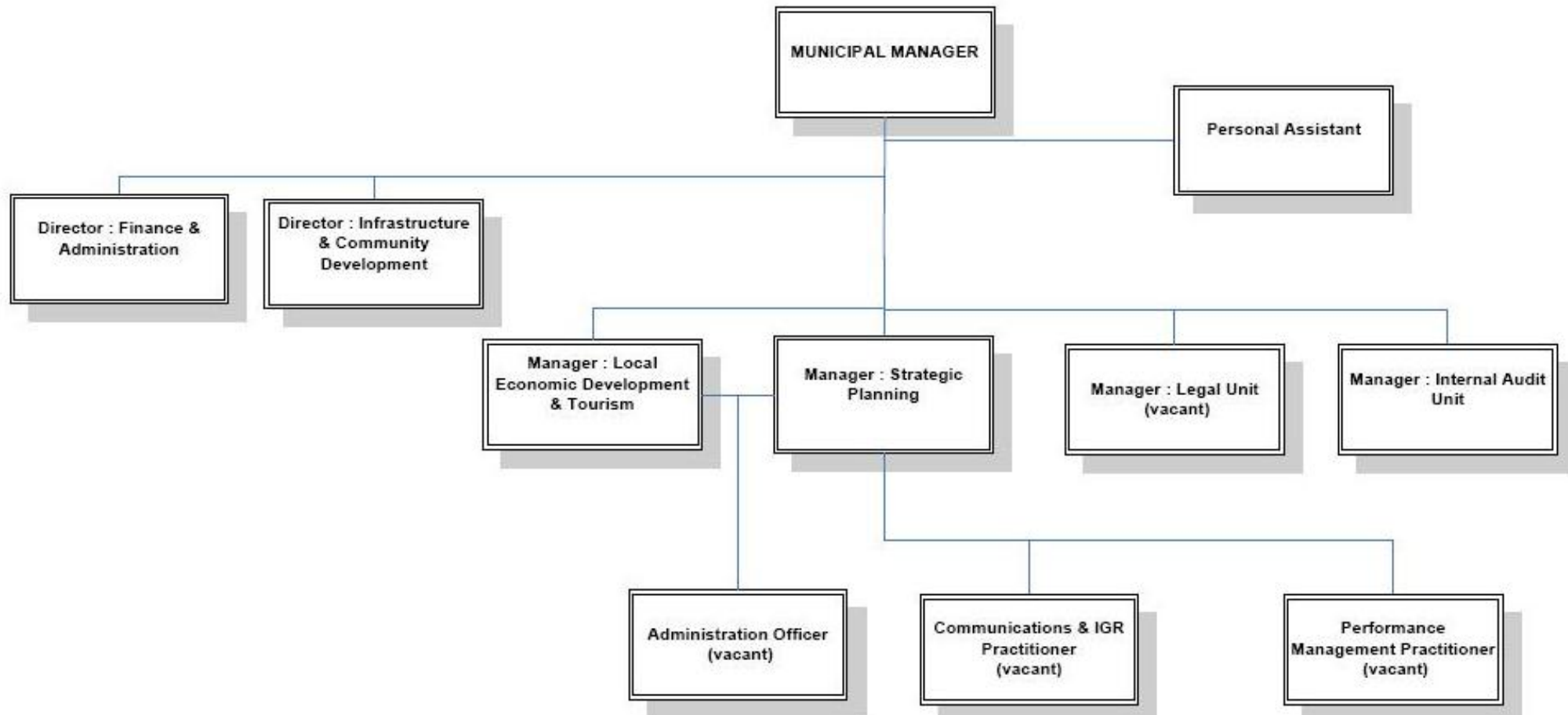
IKWEZI LOCAL MUNICIPALITY (EC103)

EXECUTIVE & COUNCIL



IKWEZI LOCAL MUNICIPALITY (EC103)

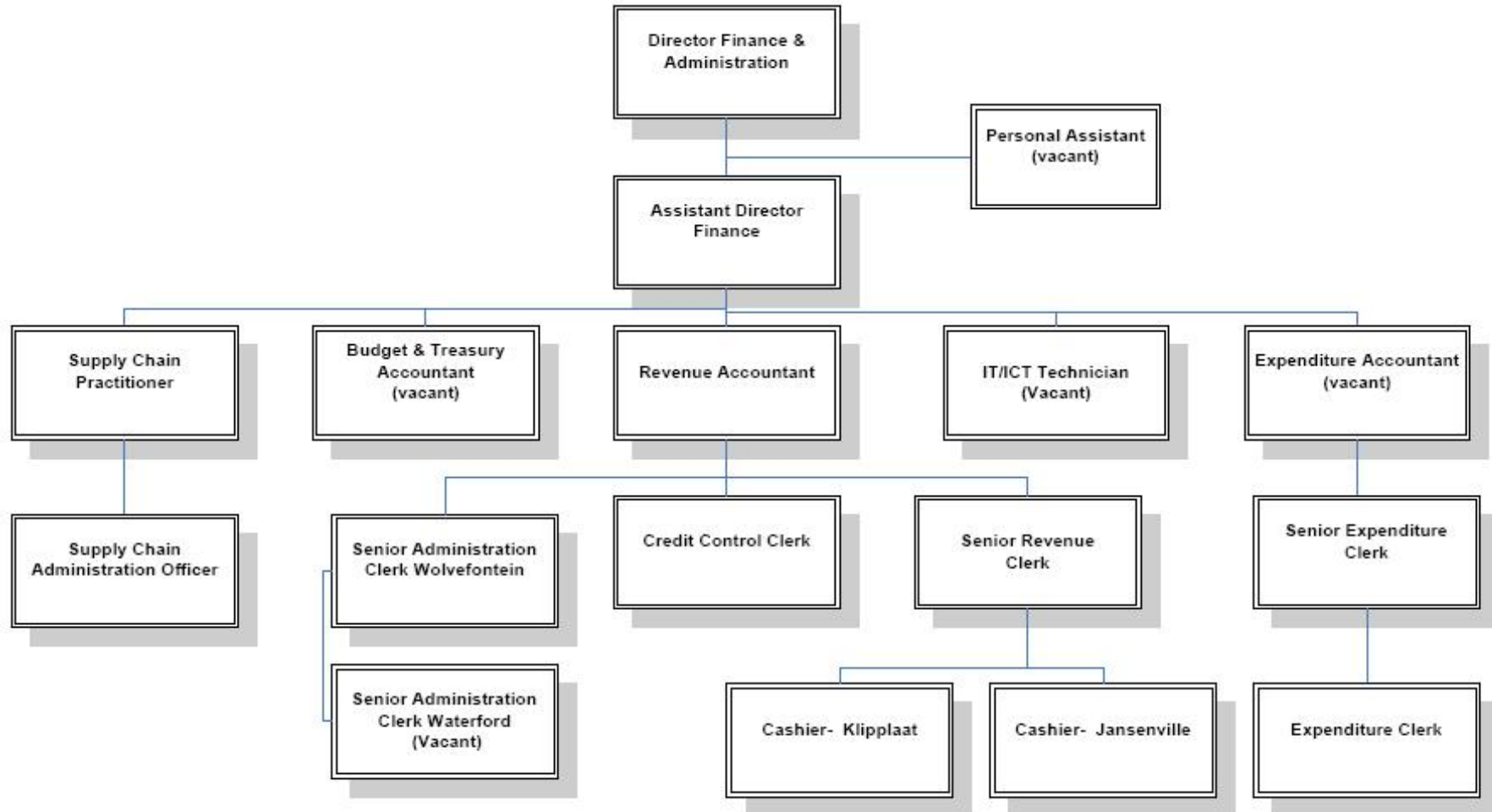
Department: Municipal Manager



IKWEZI LOCAL MUNICIPALITY (EC103)

Department: Finance & Administration

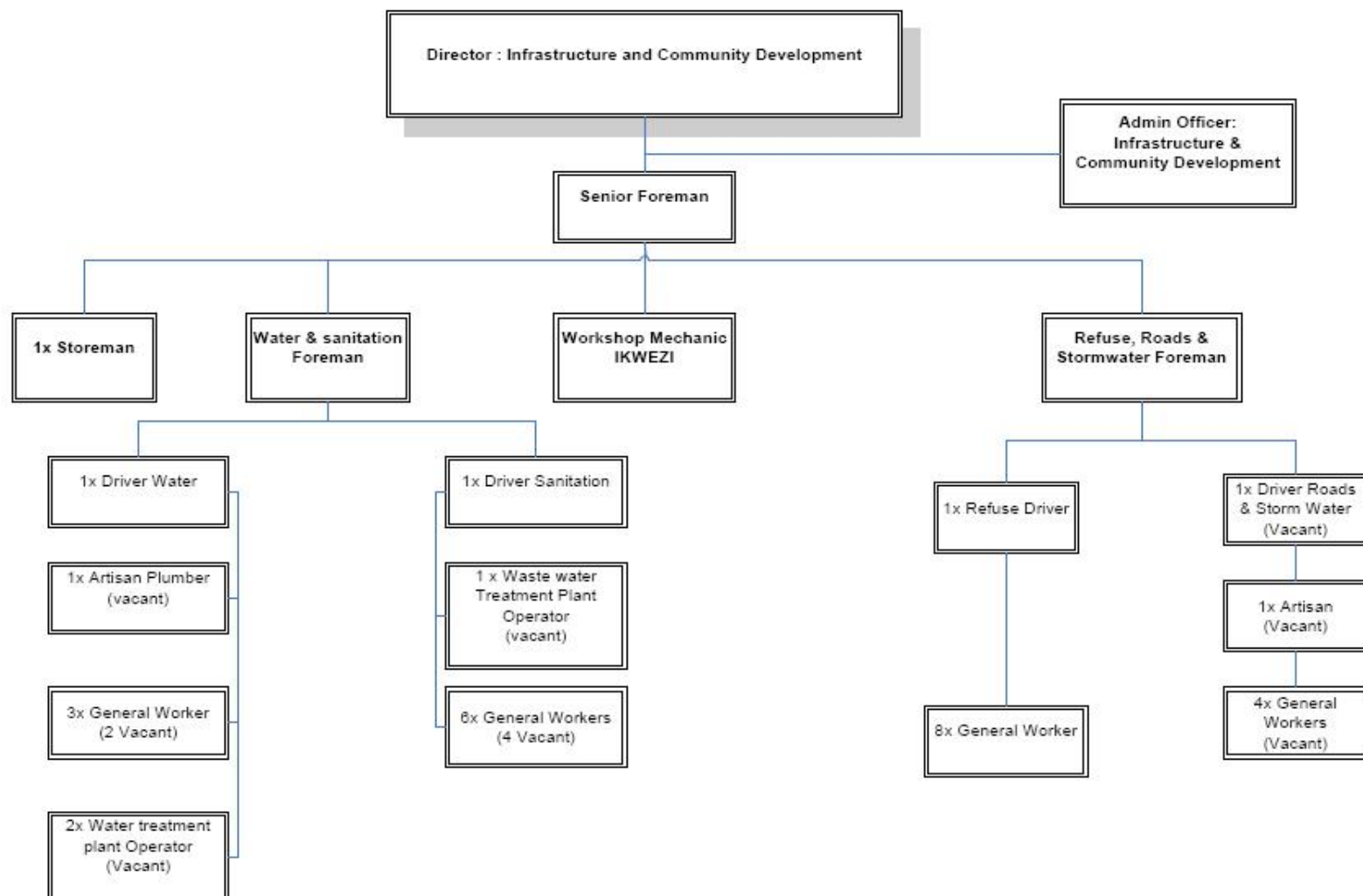
Section: Finance



IKWEZI LOCAL MUNICIPALITY (EC103)

Department: Infrastructure & Community Development

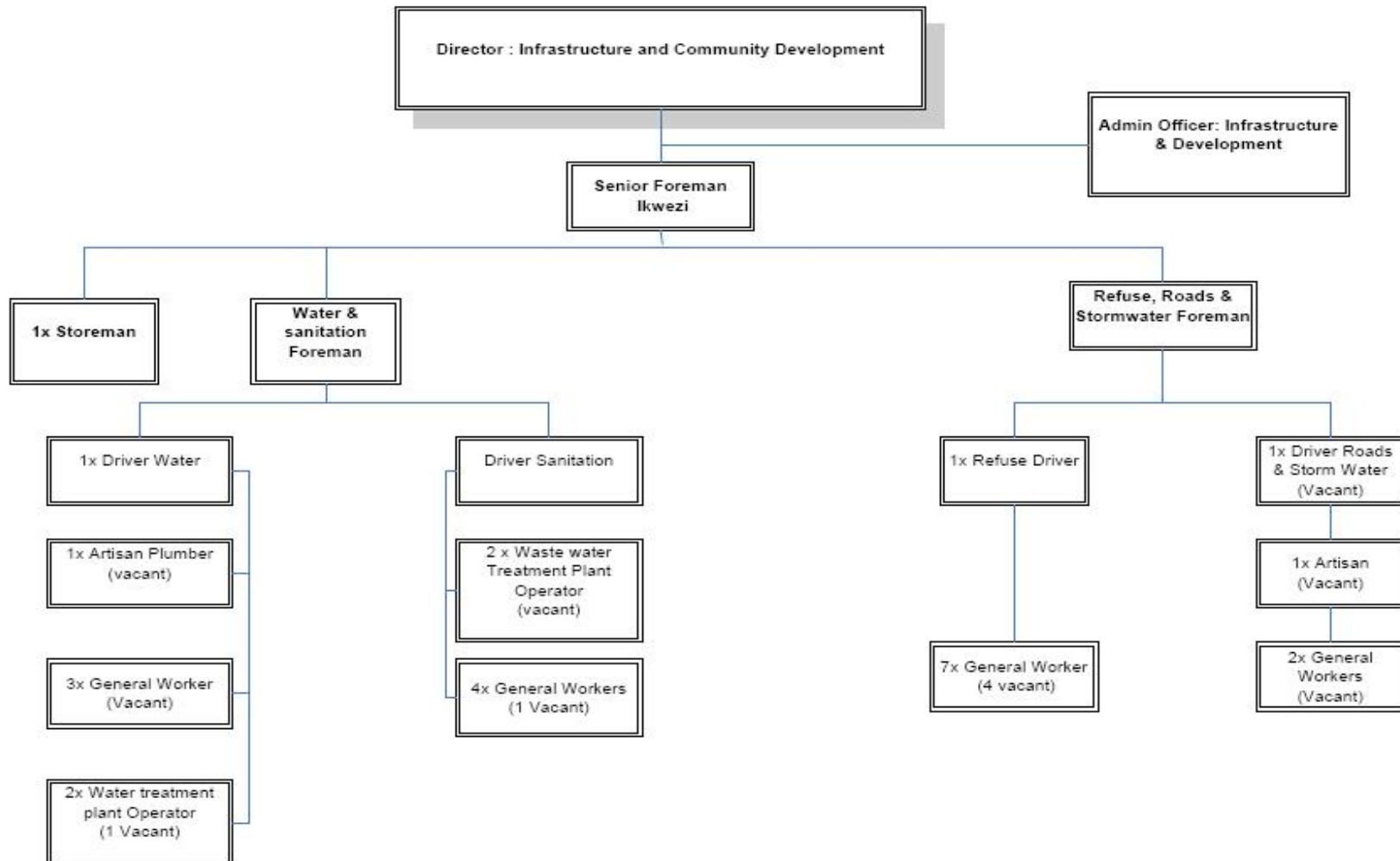
Section: Infrastructure - Jansenville



IKWEZI LOCAL MUNICIPALITY (EC103)

Department: Infrastructure & Community Development

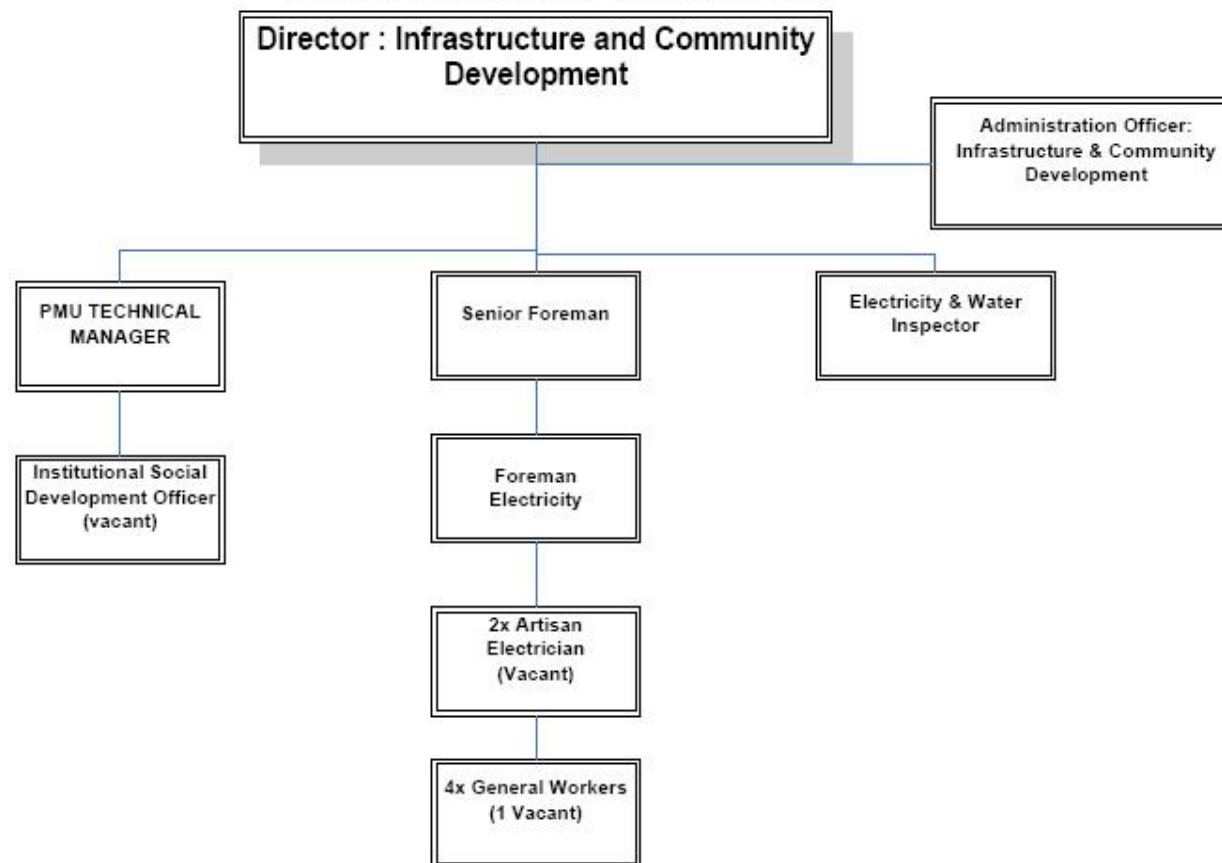
Section: Infrastructure - Klipplaat



IKWEZI LOCAL MUNICIPALITY (EC103)

Department: Infrastructure & Community Development

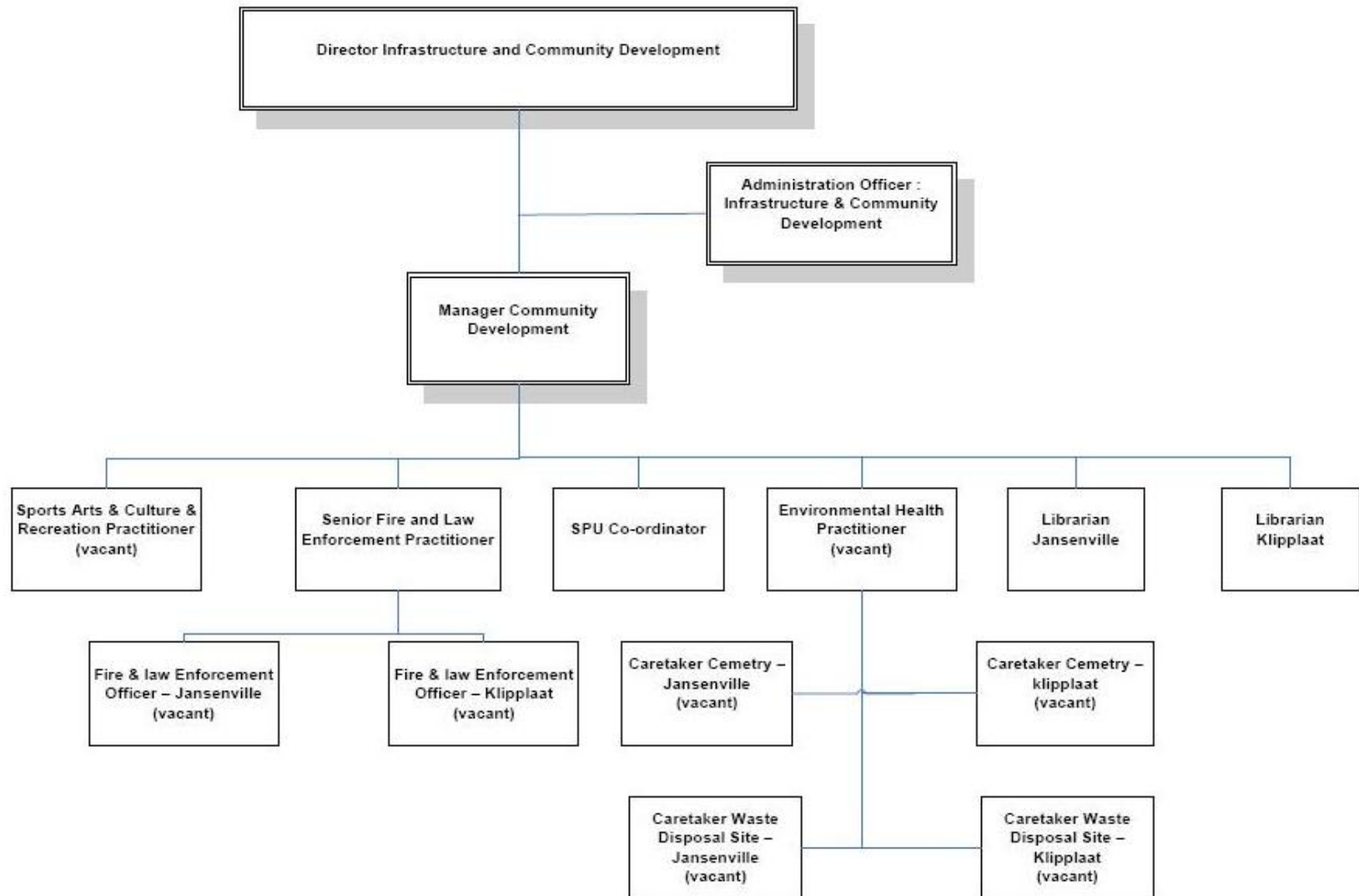
Section: Infrastructure (Electricity & PMU)



IKWEZI LOCAL MUNICIPALITY (EC103)

Department: Infrastructure & Community Development

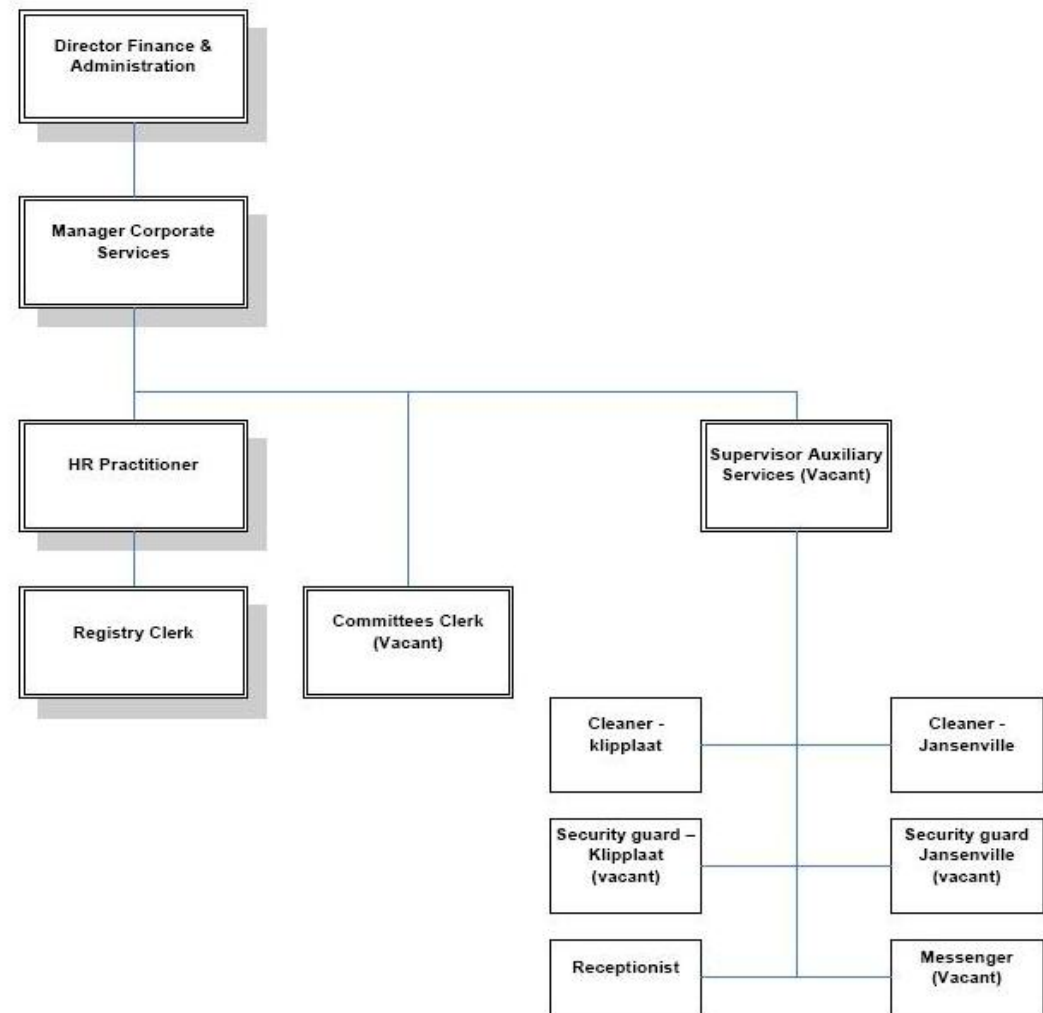
Section: Community Development



IKWEZI LOCAL MUNICIPALITY (EC103)

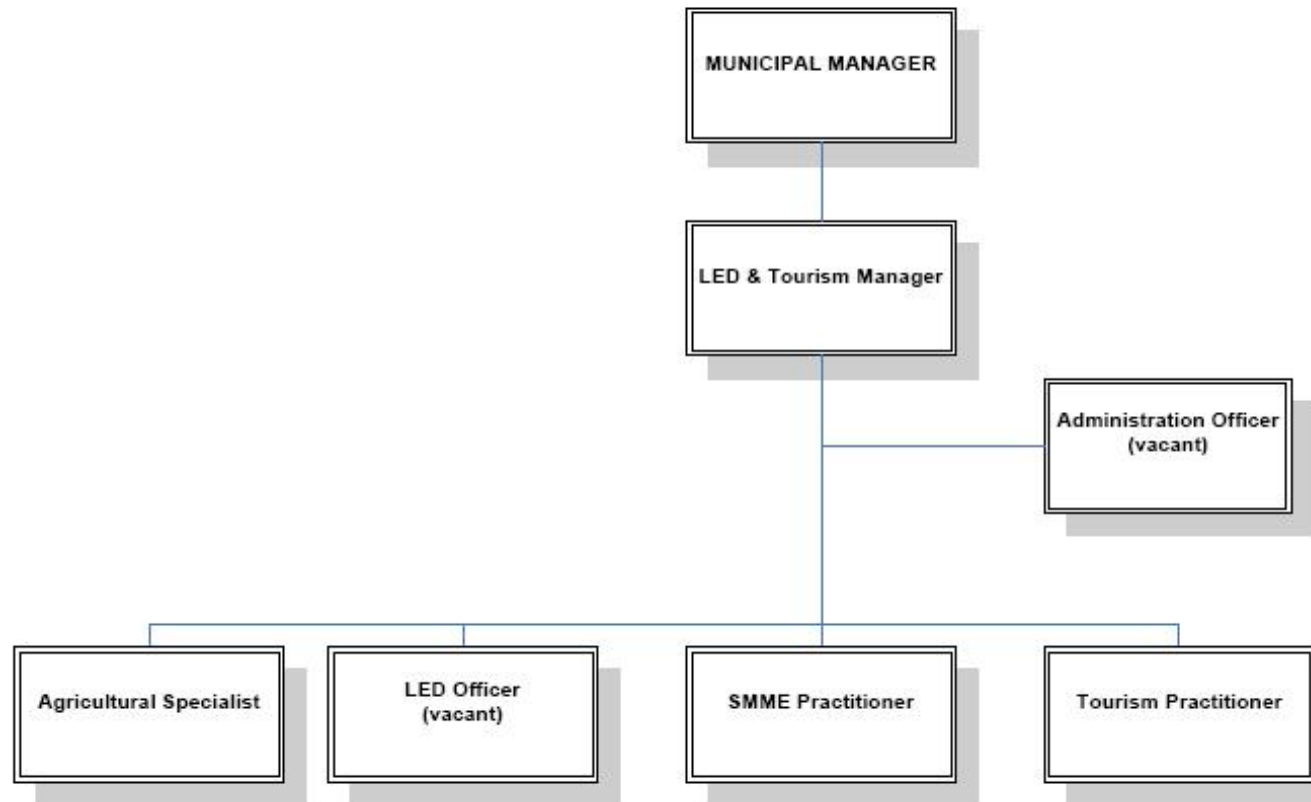
Department: Finance & Administration

Section: Corporate Services



IKWEZI LOCAL MUNICIPALITY (EC103)

Department: Municipal Manager
Section: Local Economic Development



The current organisational structure was adopted IN January 2011 **after** thorough engagement with the Local Labour Forum and with employment equity targets met in terms of S57 appointments.

The following table shows the position of the municipality on staff establishment.

ACTIVITY	RESPONSE
Vacancy rate at top management level:s57	0%
Vacancy rate at middle management level	0%
Vacancy rate at Technical Skills	0%
Vacancy rate at lower level	32%
Total Staff Complement with Vacancies	79
Total Staff Complement	69
Disabled personnel	2
Youth	14
Women	34

Staff development initiatives

Directorate Infrastructure and Community Services

The two functions have combined under one directorate since 01 July 2009 – due to budgetary constraints, but the initiative was to address, instead of ignoring issues , despite financial challenges. The strategic thinking is to expand the structure – community services gradually, give it more resources and move it away from the Infrastructure directorate within the next three years.

Transformation

The Infrastructure department was given additional resources to enhance capacity as it is the core vehicle for delivering services to our communities. In addition to the Senior Foremen appointed during the 2009/10 financial year, the municipality appointed a Project Management Unit Technician to provide that important operational support to the Director : Infrastructure.

Directorate Finance and Administration

The Assistant Director: Finance was appointed in January 2011 to provide more support to the Chief Financial Officer.

HIGHLIGHTS

1. Organisational restructuring
2. Job description developed
3. Development of a credible Human Resource Plan
4. Revival of the Training Committee
5. Revival of the Employment Equity Committee
6. All vacant post that are funded were filled

4. Skills Development

The Chief Financial Officer enrolled for Certificate Program in Management Development in Municipal Finance (Wits Business School) NQF 6 – minimum competency requirements from National Treasury. Employees from the water section are receiving regular training funded by the Department of Water Affairs and the training is held for five days every month in Graff Reinet.

Samras (Bytes Technology)

Basic debtors, advanced debtors, basic payroll, advanced payroll, supply chain management, basic creditors, advanced creditors

INFORMATION ON STAFF

Office of the MM

Total Positions	Current Vacancies	Pension Fund	Medical Aid	Monies owed to Council
7	1 – (Internal Auditor.	SALA	Bonitas	See end of tables

Vacancy rate @ management level	Disabled personnel	Youth employed	Women employed
0 %	0	1	3

Office of the Municipal Manager

Highest level of qualification - Masters in Development Studies

Lowest level of qualification - Grade 12

Directorate Finance and Administration

Total Positions	Current Vacancies	Pension Fund	Medical Aid	Monies owed to Council
20	11	SALA	Hosmed	See end of tables
		Imatu Retirement Fund	Discovery Health & SamwuMed	

Vacancy rate @ management level	Disabled personnel	Youth employed	Women employed
0 %	1	3	9

Highest level of qualification - B.Com

Lowest level of qualification - Grade 8

Directorate Infrastructure and Community Services

Total Positions	Current Vacancies	Pension Fund	Medical Aid	Monies owed to Council
54	14	SALA	Hosmed	
		Imatu Retirement Fund	Discovery Health	

Vacancy rate @ management level	Disabled personnel	Youth employed	Women employed
0 %	2	1	4

Highest level of qualification - National Diploma Civil Engineering

Lowest level of - Below NQF 1(Grade 1)

2. Technical staff registered with professional bodies

Technical Service	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
	0	0	0	54

3. Levels of education and skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professional training
56	35	11	10

4. Trends on total personnel expenditure

Financial Years	Total approved operating budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2008-2009	12,408,232	5,583,581	45 %
2009-2010	16,314,396	6,330,640	39 %
2010-2011	16,185,100	7,983,880	49 %

5. List of pension and medical aids to which employees belong

Number of pension/provident fund	Number of members	Names of medical aids	Number of members	Number of retirement fund	Number of members
3		Hosmed, Bonitas, SamwuMed, Discovery health	18	1	3

6. Senior officials' wages and benefits

Municipal Manager R500,000

Chief Financial Officer R350,000

Director : Infrastructure R350,000

Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for during the year under review)	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts				
2	Percentage of appointments in strategic positions	100%	All filled	100 %	No gaps
3	Percentage of S57 Managers including Municipal Manager who attended at least 1 skill development training course within the fin year	1	1	100 %	No gaps

4	Percentage of Managers in Technical Services with a professional qualification	0	0	0	N/A
5	Percentage of municipalities that have adopted the Performance Management System within the district area	n/a	n/a	n/a	n/a

6	Percentage of staff that have undergone a skills audit(including competency profiles within the current 5 years)	All filled positions	All filled positions	100 %	
7	Percentage of councillors who attended a skills development training within the current 5 years term	5	3	80%	Non availability for training – due to other commitments
8	Percentage of staff complement with disability	3 staff members			
9	Percentage of female employees	8,96	Only 1 female Dir.		Slow recruitment processes
10	Percentage of employees under 35 years of age	4,48			

Major challenges and remedial actions in regard to human resource and organizational management

The rural nature coupled with limited financial resources inhibits Ikwezi municipality to attract suitably qualified applicants. As a result, the municipality is often forced to make do with what is at its disposal. It generally takes longer for Ikwezi municipality to fill its vacant post due to the above factors.

The promotion policy and the succession plan that will be developed and implemented in the next financial year will go a long way towards addressing the challenges. Furthermore, political stability and good internal practices form part of our strategic agenda to address the problem.

Chapter 2: BASIC SERVICE DELIVERY

2.1 Background

The infrastructure Directorate is mandated to ensure that service delivery is executed in accordance with the provisions of the Constitution and Batho Pele principles. In addition to the above, the Infrastructure Directorate strives to address the service delivery needs of the communities in a participatory and sustainable manner.

The Directorate consists of the following sections:

- Water and Sanitation
- Electricity
- Refuse removal, Dumpsites, Cemeteries, Parks and open spaces section
- Maintenance and Roads and Storm water drainage

2.2 Water Services

Ikwezi Municipality is a Water Services Authority and a Water Services Provider. The municipality has no informal settlements. The following diagram illustrates service delivery levels of the municipality.

Table 2: Household Access to Water

Total Households (Community Survey 2007)	Household access to water	Household access to water %	Households below basic level of service/backlogs	Household below basic level of service/backlogs %
2,567	2,567	100	0	0

All schools and pre – schools, clinics and hospitals have access to portable water.

Rain Water Harvest Tanks – Ikwezi Municipality is the first municipality to provide households with water tanks as a short term measure in addressing water shortages.

Refurbishment of Klipfontein Dam – the municipality has been assisted by the Department of Water Affairs (DWA) with funding (**R1.1m**) for refurbishing the existing klipfontein dam in Klipplaat. The municipality declared the project as emergent and appointed a contractor to carry out the works. The project is still in progress, it is 90% complete. The project entails repair work (leaks) at dam shaft, servicing of Klipplaat WTP, sealing of storage reservoirs, installation of bulk water pump and repair work on reticulation.

2.1.1 Challenges with water services

- **Scarcity of water resources** – the municipality is situated in the karoo and has been experiencing serious drought for the last four years. The municipality is in dire need of bringing regional bulk water to the area. Bringing regional bulk water supply to the karoo needs political will as the economy of these areas is dependent on it.
- **Poor water quality** – the municipality is dependent on boreholes and water from these boreholes has high volume of sulphur. Jansenville, Waterford and Wolwefontein have no water treatment plants. The municipality has registered a Jansenville Water Treatment Plant project and Waterford Bulk Water Supply project with MIG.
- **Water Demand Management** – the municipality has no water meters and cannot measure input, throughput and output of this scarce natural resource. The municipality has applied for funding from the district to assist in this regard. Department of Water Affairs (Dwa) together with the municipality championed **2020 Vision Water Campaign** that focused on education and short term interventions. The short-term intervention involves installation of water meters to businesses and other government buildings to ensure that these bulk users are billed accordingly. The project is expected to be completed in the next financial year.
- **Water infrastructure backlog** – according to the 2008 **Comprehensive Infrastructure Plan**, infrastructure backlog relating to water was **R83m**. Using price escalation of 6% per annum, the estimated cost of water services backlog now stands at **R104.94m**. MIG allocation was **R6.3m** for the year and **R 7 022 000.00** last financial year under review for all infrastructure backlog and clearly the allocation does not even come close to addressing the backlog, let alone future needs

2.2 Sanitation

Ikwezi Municipality has full authority over this function and has been prioritizing it since 2006. The municipality moves from the premise that sanitation is dignity. The following diagram illustrates service delivery levels of the municipality.

Table 3: Household Access to Sanitation

Total Households (Community Survey 2007)	Household access to sanitation	Household access to sanitation %	Households below basic level of service/backlog s	Household below basic level of service/backlog s %
2,567	2,439	95%	128	5%

Ikwezi Municipality is one of the few municipalities in the country that met the December 2007 deadline of eradicating buckets in urban areas. This great achievement **increased** water demand whilst supply remained the same.

Only one school is not connected in Klipplaat, all pre – schools, clinics and hospitals have access to sanitation.

There is a small area (Die Erwee) in Jansenville that is privately owned and has been a challenge to provide sanitation services as it is not subdivided. There are 10 households that are affected by this predicament.

During the year under review, the municipality in partnership with its German partners investigated possibility of supplying urine diversion ablutions to Waterford. There is a serious water shortage in this small farming community with approximately 60 households.

The municipality with the assistance of its German partners built two show toilets for the community to approve or reject. The community of Waterford has approved the technology and will be incorporated in the coming housing project.

2.2.1 Challenges sanitation services

- **Scarcity of water** – communities especially in Jansenville and Kliplaat demand water borne system. As stated above the bucket eradication project has increased water demand putting tremendous pressure on municipal water resources.
- **Community education** – communities continue to dispose foreign elements in the sanitation system causing unnecessary and costly blockages. The municipality will develop and promote an educational campaign in this regard.
- **Removal of septic tanks** – town areas both in Jansenville and Kliplaat still have septic tanks and needs to be connected to the main line. The municipality is in process of registering a capital project in this regard.

2.3 Electricity services

Ikwezi Municipality is an electricity distributor in Jansenville only, Kliplaat and Waterford are serviced by Eskom. The municipality is participating in the EDI's transformation of electricity distribution.

The following table illustrates service delivery levels of the municipality.

Table 4: Household Access to Electricity

Total Households (Community Survey 2007)	Household access to Grid (IDP 2010/2011)	Household access to Grid (IDP 2010/2011) %	Households below basic level of service/backlogs (IDP 2010/2011)	Household below basic level of service/backlogs (IDP 2010/2011) %
2,567	2,404	93,6%	163	6,4%

All registered indigents have access to free basic services. Detailed information is provided under financial report.

2.3.1 Challenges with electricity services

- **Complete electrification of Dan Sandi area** – the municipality is struggling with Eskom to complete this project. The community is challenging the municipality not knowing that Eskom has the license to provide the service in Klipplaat.
- **Street lighting in Klipplaat** – the municipality must repair and/or install street lights in the presence of Eskom. Sometimes it is not easy to get all the parties at the same time. The municipality is in constant contact with Eskom.
- **Jansenville: Installation of High Mast Lights** – Ikwezi municipality has successfully completed the High Mast Light Project and that has greatly reduced the crime level in the town. The project was formally handed over to the municipality on the 22 February 2011.
- **Klipplaat: Installation of High Mast Lights** – The installation of high mast lights in Klipplaat project is on its way, the municipal Bid Adjudication Committee has adjudicated the bids and the successful consultant (Carifro) is still going to be informed.

- **Maintenance budget** – limited financial resources due to low revenue base and inadequate Equitable Share to maintain infrastructure. The municipality has increased the maintenance budget during the year under review from 2% to 5% of the total budget.
- **Electricity infrastructure backlog** – electricity backlog was **R30m** in 2008. Using price escalation of 6% per annum, the estimated cost of electricity backlog stands at **R38.16m**. The municipality applied to Department of Energy (DoE) for funding of its Jansenville Upgrade of Bulk Electricity Supply. The department has approved and transferred **R8m** to the municipality. Ikwezi municipality has used the R8m for Upgrading of Jansenville Substation and Upgrading of Electric Reticulation in Jansenville (MV & LV Lines). Both projects were successfully completed and handed over to the municipality; however, the cost of implementing the projects went up to **R11.2m**. The municipality has applied for **R 3.2m** from the Department of Energy (DoE) in order to cover for over spending. Ikwezi municipality has also applied for R6m from department of Energy (DoE) for implementing the second phase of the project.

2.4 Road maintenance

Ikwezi Municipality has full authority on all internal roads within its jurisdiction. The municipality does not have a roads maintenance plan. It intends to address this challenge through the current project that upgrades roads and stormwater drainage in Jansenville.

Road maintenance is budgeted for although the budget is limited. Roads are maintained although they need rehabilitation and upgraded.

The following table illustrates service delivery levels of the municipality.

Table 5: Status of Roads network in Ikwezi Municipality

No	Indicator name	Total no of HH expected to benefit	Estimated backlogs	Target set for the following yr
1	Percentage of households without access to gravel or graded roads	100%	0%	0%
2	Percentage of infrastructure requiring upgrade	100%	90%	10%
3	Percentage of planned new road infrastructure actually constructed	250	90%	10%
4	Percentage of MIG allocation reserved for road upgrading	250	90%	80%

2.4.1 Challenges with roads maintenance

- **Huge road infrastructure backlog** – to amount of **R95.5m** according to the 2008 Comprehensive Infrastructure Plan. Using price escalation of 6% per annum, the estimated cost is **R120.96m**. The municipality has increased its maintenance budget from 2% to 5% of its total budget. A Jansenville Upgrade of Roads and Stormwater project (**R27m**) has been approved by MIG.

The municipality has subdivided the project into two phases, the first phase being upgrading of Mauritius/ Primrose road.

The first phase has been completed, however re-slurring and road marking is still to be done. The second phase which consists of Upgrading of Collage street will start on the next financial year (2011/12). Ikwezi municipality is currently busy with the registration of new road projects for both Jansenville and Klipplaat in order to address the remaining backblock.

- **Low revenue base and inadequate funding** – the municipality has high levels of indigents. The Equitable Share Formula will always pose a serious challenge to local municipalities until it is reviewed.

2.5 Waste management

Ikwezi Municipality has full authority over waste management and carries full responsibility. In January 2009, council adopted the Integrated Waste Management Plan. Council implemented the plan during the year under review.

Ikwezi municipality has successfully purchased two refuse removal trucks in October 2010, one truck for Jansenville and the other one for Klipplaat and that has incredibly assisted the municipality in management of waste.

The following table illustrates service delivery levels of the municipality.

Table 6: Household Access to Refuse Removal

Total Households (Community Survey 2007)	Household access to refuse removal (IDP 2010/2011)	Household access to refuse removal %	Households below basic level of service/backlogs (IDP 2010/2011)	Household below basic level of service/backlogs %
2,567	2,507	97,7	60	2,3

2.5.1 Challenges with waste management

- **Unregistered waste disposal sites** – the municipality is in the process of registering all its waste disposal sites. Registration will also mean that the municipality will have to start budgeting for rehabilitation of these waste disposal sites

- **Unregistered waste water treatment works** – the municipality is in the process of registering its entire waste water treatment network.
- **Lack of trade tools to deliver qualitative services** – financial constraints are a deterrent in providing qualitative service delivery to our communities. The municipality has budgeted for a new refuse truck in the new financial year and intends to acquire the truck during the second quarter. This will improve service delivery levels within the municipal area.

2.5 Housing and town planning

The Department of Human Settlement is mandated with provision of quality affordable houses to the poor. This function is an agency function that the municipality carries out on behalf of the department. The municipality utilizes its own staff to carry the said function. There is administration fee payable to the municipality for carrying out this function.

In 2008, council adopted a Housing Sector Plan that it has been implementing during the year under review. Council implemented the plan under difficult conditions as the plan is very ambitious not realistic to prevailing conditions on the ground.

Town planning is a serious challenge in Ikwezi Municipality as the municipality does not have and cannot even afford a qualified town planner.

In December 2008, the municipality approached the Department of Local Government and Traditional Affairs to assist in this regard.

The following are housing projects at different levels:

Table 7: Housing Projects in Ikwezi Municipality

Project Title	No. of Sites	Comments
Jansenville	350	Project was split into phase 1 and 2; phase 1 – 253 houses completed, phase 2 – 97 applications
Klipplaat	418	Nearly complete
Jansenville	500	Not yet approved
Waterford	66	Approved, design stage
Klipplaat	108	Approved
TOTAL	1,442	

According to the municipal Integrated Development Plan (IDP), the housing backlog stands at 767 units. This figure needs to be reviewed and verified.

The municipality has no informal settlements.

2.6 Spatial planning

Ikwezi Municipality developed its Spatial Development Framework (SDF) in 2007 and it has never been reviewed. In December 2008, the municipality approached the Department of Local Government and Traditional Affairs for support.

The Department of Local Government and Traditional Affairs has indeed assisted Ikwezi municipality with the R 350 000. The R350 000 will be used to Review the Spatial Development Framework of Ikwezi municipality in order to address the serious town planning challenge in Ikwezi area.

There is no rapid growth within the municipal area. The following factors are indicative components growth and development within the municipal area:

Table 8: Indicative factors of growth and development

No	Indicative factor	No of applications
1	Rezoning	3
2	Subdivision	1
3	Consent use	0
4	Removal of restrictive conditions	0
5	Town establishments	0

2.6.1 Challenges with spatial planning services

- **No capacity** – the municipality does not have and cannot even afford a town planner.
- **Poor town planning** – the municipal area has been poorly planned. This has led to some difficulties in provision of services especially water services.
- **Lack of plans** – records have not been properly kept. This leads to difficulties for future planning.
- **Lack of necessary softwares** –the municipality does not have Gis and Cad programs that help with keeping records and resolving spatial related community problems.

2.7 Community Services

2.7.1 Social Services

2.7.1.1 Libraries

There are two libraries in Ikwezi area – one in Jansenville and one in Klipplaat. Both libraries are managed by the Municipality on an agency basis. It must however be noted that it plays a pivotal role in the education of our communities.

Jansenville library: a total of 145 400 books; 1 317 periodicals were circulated in the financial year. AF(Afrikaans Fiction); EF(English Fiction); SF(Science Fiction); XF(Xhosa Fiction); N-F(Non-Fiction); AJRF(Afrikaans Junior Fiction); EJRF(English Junior Fiction); SJRF(Science Junior Fiction); XJRF (Xhosa Junior Fiction); JRNF (Junior Non-Fiction)

AF	EF	SCF	XF	N-F	AJRF	EJRF	SCJRF	XJRF	JRNF	PER
45 943	33 099	520	445	11 753	18 234	13 767	8	401	21 230	1 317

Klipplaat library: a total number of 51 552 books; 9572 periodicals were circulated in the financial year.

AF	EF	SCF	XF	N-F	AJRF	EJRF	SCJRF	XJRF	JRNF	PER
9 987	4 622	4 137	4 293	4 409	10 006	4 590		4 270	4 238	9 572

Launch: Jansenville Community Library was opened on 6 May 2011. The Connect-to-Cacadu was also launched on the same day.

Challenges

Library services are rendered in a discomfort zone. Real functions of municipality are not clearly stated in terms of funding, human resources, infrastructure and governance. Ikwezi basically carries this function fully – at a price, since the Municipality does not have the financial capacity.



2.7.2 Community Halls: Waterford community hall was officially opened in March 2011

2.7.3 Sport: On 1 May 2011 had a sports day in Klipplaat with football, rugby, netball and karate clubs participating. Received sponsors on the same day in the form of 2 netball kits, 4 rugby balls and 1 first-aid kit.





Challenge

Sports Council not functional – needs to be revived. No warm body in the Municipality to give support. Facilities not up to standard for practising sport. Sport can be used to teach life skills to young people and also to curb violence and prevent HIV/AIDS. It will be of significant value if MIG funding can be redirected to fund Sport and Recreation to help fund sport and recreational facilities at schools and communities.

2.7.4 Health: Primary Health Care has been provincialised. Ikwezi Municipality provides refuse removal services, but environmental health services are provided by Cacadu District Municipality and awareness by Ikwezi Municipality.

Challenges

Backlog – no refuse removal services are provided to the Waterford community. Solid waste are not weighed – no scale.

2.7.5 Education

STI Awareness Week: Took place on 25/02/2011. These services are brought in by Department of Health and driven in collaboration with Ikwezi Municipality. Department of Health has identified Ikwezi as one of the priority areas for the STI event for this year.

The following services were rendered on that day :

- Dental
- Pap Smear
- VCT
- Observation screening

- TB screening
- Re-hab (people with disabilities)
- Counselling for nutrition/agriculture
- Health promotion
- Productive family planning methods
- *Eye screening*

Challenge

STI's are an entry point to HIV/AIDS. People in this area are dying of TB, HIV/AIDS and mostly because of opportunistic infections. Awareness should be enhanced and all stakeholders should have a clear understanding of their role and mandate.

2.7.6 Water Demand Management and Conservation Awareness: Held on 19 April 2011 with the aim to make communities aware to use water more efficiently and eliminate as much wastage as possible.

Challenges

Due to the fact that the Municipality do not have any water meters, the output cannot be measured. Secondly, because of aged infrastructure leakages occur which contribute to the loss of water and the water scarcity aggravated the situation. The Municipality therefore had an awareness campaign relating to this on 19/04/2011 in collaboration with the water week championed by Department of Water Affairs.



Cleaning of landfill sites:

2.7.7 Safety, Security and Protection Services

Fire and Safety Services: The Municipality operates fire services which provide fire fighting, fire preventing, and road rescue services.

Incidents attended to:

Fire Fighting	Fire Preventing	Road Rescues
3 = 2 vehicle fires; 1 structural	2 = Awareness 1 Primary School; 1 Agricultural Farm	19

Challenge

The Community Safety Service was unable to provide law enforcement due to the incomplete process with regards to by-laws.



Women : As part of women's celebrations Ikwezi Municipality was supported by DSRAC in August 2009.

Women in the Ikwezi area had to identify projects and both Jansenville and Klipplaat identified sewing projects. Two Machines were handed over on 6 May 2011.

Chapter 3 : LOCAL ECONOMIC DEVELOPMENT

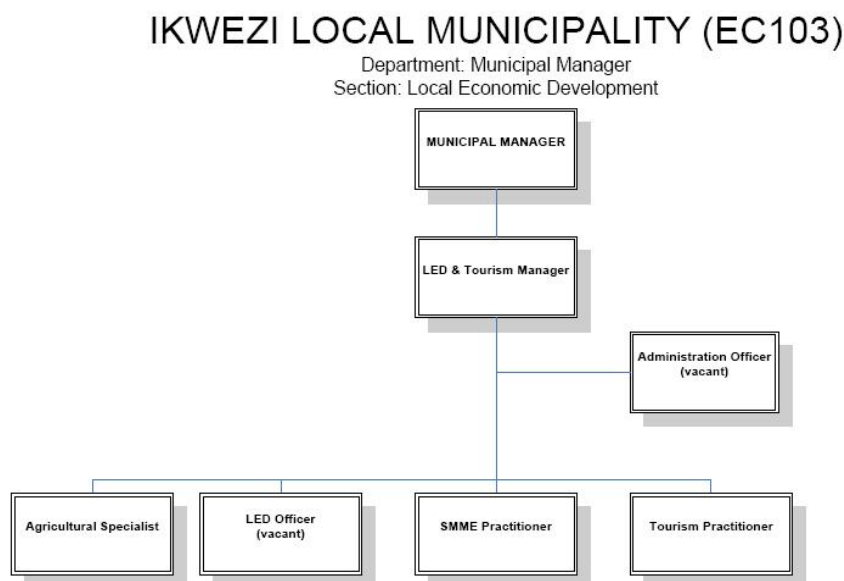
Status on developing the LED strategy/plan

The LED Strategy is in place and was adopted by Council at its meeting held in April 2010. The Strategy is now under implementation.

1.1 Main Role players involved:

- ❖ Cacadu District Municipality
- ❖ Thina Sinako
- ❖ Khanya Aiccd
- ❖ Department of Economic Development and Environmental Affairs
- ❖ Department of Local Government and Traditional Affairs
- ❖ Department of Rural Development and Agrarian Reform
- ❖ Mohair South Africa
- ❖ Office of The Premier
- ❖ Eastern Cape Development Cooperation
- ❖ Expanded Public Works Programme
- ❖ GIZ
- ❖ RULIV
- ❖ NGOs
- ❖ Department of Rural Development and Land Reform
- ❖ National Youth Development Agency
- ❖ Small Enterprise Development Agency
- ❖ Eastern Cape Parks
- ❖ Addo Elephant National Park

Setting up a LED unit



The availability of a LED expertise

The Department of Local Government and Traditional Affairs has allocated an amount of R470 000 for 2010/11 Financial Year for the appointment of LED Expert. The intervention by the department ended in March 2011. The municipality took over in April 2011.

LED stakeholder forum functionality

The process of establishment a Business Chamber is at its planning phase.

Funding opportunities of LED activities (indicative figures on Donors/funders and types of program)

- a. Community Based Economic Development (CBED): R1, 1m funded by (EU) through Thina Sinako ending 31 December 2011.
- b. Community Based Enterprise Support System (CBESS): R1, 1m funded by EU through Thina Sinako ending 31 December 2011.
- c. Ikwezi Mohair Festival : R1.3m (Equitable Share R1 020m, Ibamba R30 000, CDM R250 000;
- d. LED Expert: R470 000 (2010/11).
- e. Thina Sinako : R390 000 LED Strategy development (2008/09)
- f. DEDEA : R2.2m for the One Stop Shop and feasibility study for Abattoir and Bed & Breakfast .
- g. Cacadu District Municipality: R130 000 for participation in Trade Shows and upgrading of heritage sites
- h. PPC : Ostrich project
- i. Mohair South Africa: training of Mohair Students at Hardwood farm.

6. Progress towards achieving the LED key objectives

6.1. Improve public and market confidence

- Spatial development framework (SDF)/Land use management system(LUMS); (refer to Infrastructure Department report).
- Red tape reduction: Turn-around time for licensing and other business related applications; 3-6 months
- Investments and trading by-laws No trading by-laws in place
- Provision and maintenance of quality and reliable infrastructure: Roads; ITC; market places Refer to Infrastructure report
- Disaster management; Refer to Infrastructure report

Exploit comparative and competitive advantage for industrial activities

The municipality holed a Mohair Festival on 25 – 26 November 2010. The Mohair Festival was enabled by Ikwezi Municipality with the support of Mohair SA , Cacadu District Municipality, Ibamba Lodge, Department of Rural Development and Agrarian Reform, to rejuvenate a flagging Mohair sector and in so doing stimulate the rural economy and job creation.

Mohair Festival Events Components:

- ▶ Main Stage
- ▶ Kiddies Fun park
- ▶ Goat Sheering Seminar
- ▶ Beauty Pageant Competition
- ▶ Sporting Component
- ▶ Stalls
- ▶ Local Talent
- ▶ VIP Hospitality
- ▶ Media Launch
- ▶ Community Participating

Live entertainment was an important part of the festival, the following artists performed:

Lusanda Spiritual Group, Bok Van Blerk, Pakes, Theuns Jordaan, Ringo Madlingozi, Special appearance by Lloyd Cele (of Pop Idols fame). To compliment the live and kiddies entertainment programmes other forms of entertainment included the following: Benito the Magician and Stef the Hypnotists.

Kiddies Fun Park

To ensure that the young citizens of the region were also catered for; programmes and activities that are design to educate and entertain young kids were developed, these activities and programmes were as follows;

- ▶ Face Painting
- ▶ Clown Performances
- ▶ Kiddies rides

Flock and Breeds Seminars

Mohair educational where coordinated by Mohair South Africa in conjunction with SAMGA, the following Schools took part in the seminars:

- ▶ Jansenville High School, Graaff Reinet High School and Klipplaat School.

Participating schools received gifts from Mohair South Africa and SAMGA. Transport was arranged for all out town learners.

Competitions and Seminars

Beauty Pageant

- ▶ The competition was opened to young girls from Ikwezi Festival, in total 11 young girls took part. The contestants' demographics were 7 white and 4 black. Pre judging was conducted in Jansenville on Saturday 20 November 2010. The Miss Ikwezi Mohair Festival received R7000 cash

Sporting Component

Sporting activities took place on Saturday 20 November 2010, 3 sporting that took part are rugby, Soccer and Netball. The following clubs took part in the event;

Soccer

- ▶ Home Affairs, Young Brothers , Warriors , Sundowns , Tiger chiefs , Mandela Stars , Lion Stars and Tiger Chiefs

Netball

- ▶ Jansenville, Business Brumbies , Klipplaat , lion stars , Mandela stars and Manchester

Rugby

- ▶ Jansenville RFC, Chicken Bulls, Klipplaat UTD, Business Brumbies
- ▶ The following teams emerged as winners
- ▶ **Soccer** -Mandela Stars, they received an amount of R7 500 2nd place was Manchester's United they received R5000 and 3rd place was won by Tiger chiefs they won R 2500. All matches were officiated by SAFA accredited Referee and 2 assistants.
- ▶ **Rugby** - Jansenville Rugby Club won R 5000 2nd place was won by Business Brumbies they won R 2 500.
- ▶ **Netball**- Mandela Stars won R5000 2nd place was won by Mandela Starts hey received R 2500.
- ▶ A soccer kit to the value of R5 832 was donated to Evergreen Football club and Kasi Stars

Artists from Ikwezi Municipality were given an opportunity to performance live on the main stage. Artists that performed are:

- ▶ Ruane Slabbert
- ▶ Traditional Dancers
- ▶ Emphasis
- ▶ JV Squad
- ▶ Janine
- ▶ Friendly Friends
- ▶ Mohair stage play

Intensify Enterprise support and business development

The LED Strategy proposes a range of key priority sectors, namely:

- ❖ SMME development
- ❖ Agriculture development
- ❖ Tourism development
- ❖ Human resource

The municipality has signed a Partnership Agreement with the National Youth Development Agency and has provided an office to the Agency to provide the following Business Development Services to the Ikwezi youth and SMMEs:

- ❖ Business Plan Development
- ❖ Access to finance
- ❖ Business Registration
- ❖ Access to markets
- ❖ Access to land
- ❖ Agricultural extension services and infrastructure
- ❖ Business linkages and alignment with the manufacturing and tourism sectors
- ❖ SMME Training
- ❖ Access to tourism support services
- ❖ Tendering
- ❖ Cooperative support (registrations)



A multi-pronged approach is needed, dealing with the major existing impediments, including a poor business environment, lack of financial tools, weak entrepreneurial capacity and the absence of strong linkages with existing large enterprises.

Engagement with financial institutions to develop SMME friendly lending has not yielded much results. Ikwezi SMMEs continue to face a plethora of challenges that inhibit their growth and development beyond mere survivalist modes of activity.

6.4 Public and Private Partnerships established

The municipality has established partnerships with the following public; NGOs; parastatals; public and private sectors:

- ❖ University of Post Dam in Germany: Communal Water House project
 - ❖ National Youth Development Agency
 - ❖ Office of the Premier: Goat and Mohair Initiative
 - ❖ GIZ: Funding for Soccer Kick about project at Phumlani Location; Facilitated the development of Ikwezi Chronicles, Funded the development of Public Participation Policy Framework.
 - ❖ Thina Sinako : Development of LED Strategy
 - ❖ Khanya Aiccd: Community Based Economic Development (CBED) and Community Based Enterprise Support System
 - ❖ Mohair South Africa : International Mohair Summit ;Mohair Festivals and Mohair learnerships.
 - ❖ Department of Rural Development and Agrarian Reform: Hardwood farm and support to farmers and SMMEs.
-
- ❖ Department of Rural Development and Land Reform: Purchase of Uitkoms Farm and Wayside farm for emerging farmers; Declaration of Ikwezi Municipality as a

- Rural Development Node and identification of Dan Sandi in Klipplaat as the implementing site for Comprehensive Rural Development Programme.
- ❖ Department of Local Government and Traditional Affairs: Funding for LED Expert for 2009/10 and 2010/11 financial years, Community Works Programme in partnership with TEBA Development as the Implementing Agent and KDF as the Local Implementing Agent.
 - ❖ Klipplaat Development Forum: food production for poor households (CBED)
 - ❖ Jansenville Development Forum (CBED); computer training centre and business registrations.
 - ❖ Local Tourism Organisation: Tourism development in Ikwezi area.
 - ❖ DEDEA : R2,2m for One Stop Shop project and feasibility study for Abattoir and Bed and Breakfast.
 - ❖ Department of Social Development: funding for SMMEs and Cooperatives.
 - ❖ Addo Elephant National Park: Waterford Exit Corridor
 - ❖ ECDC; DoT; IDC : Revitalisation of Railway Station in Klipplaat.
 - ❖ Solar Technology Farm ; SASSA, NERSA. DoE, ESKOM; CEF, IDC.
 - ❖ PPC : Ostrich project and Cultural village
 - ❖ DSRAC : Secondment of a Librarian from 2010 -2013.

6.5 Number of new formal SMME established within the municipality

The municipality has established three SMMEs ; namely:

- ❖ Gushiken Construction
- ❖ Abafazi Phambili
- ❖ Siyazama Sewing Cooperative

The abovementioned cooperatives are registered and are active.

6.6 Number of new employment opportunities through Expanded Public Works Programs and Public and Private Partnerships

6.1 Upgrading of Roads and Storm Water Drainage

17 jobs and 1 Community Liaison Officer.

Sub – Contractors (local SMMEs)

Devashne trading cc: 8 Labourers

Sakhiwonga trading: 8 Labourers

Total jobs created: 34

6.2 Installation of High Mast Lights in Jansenville

4 workers + CLO

Total jobs created: 5

6.3 Upgrading of Jansenville Sub-Station

13 workers + CLO

Total jobs created: 14

6.4 Electricity Reticulation (MV & LV LINES)

8 workers + CLO

Total jobs created: 9

6.5 Upgrading of Gravel Road between Jansenville and Klipplaat

180 workers

Total jobs created: 180

TOTAL JOBS CREATED (for all Projects): 241

Number of local suppliers that benefited during festival

SUPPLIER NAME	SERVICES/ PRODUCTS	FEE
Sakhiwonga Trading	Gala Dinner, special lunch & artists	R38 500
Silulinto Trading Enterprise JV with Mfuleni Investment	Management and facilitation of the Festival	R80 000
Nakhane Caterers	Lunch for crew & soft drinks	R7 600
Louise Gardiner Catering	Gala Dinner	R34 240
Local teams x 10 Referrers	Sport Competition	R4500
Koedoerus B &B	Accommodation	R9720
Devashne Trading	Dinner for the crew, artists and VIP	R31 700
Shavaro's General Trading	Draping and décor for 3 days	R20 000
Koetaan's Bus Service	Transportation of artists, security & community	R33 900
Bra Joes Tavern	Hospitality	R 359
Luzuko Events	Red Carpet	R 160
Klipplaat B & B	Cleaning services	R4 550
T.D. Blou	Exhibition of Angora Goats	R 500
Irhafu Crafts	Spinning & Weaving	R1 500
Oakvilla Guesthouse	Accommodation	R15 587

Palm Tree Cottages	Accommodation	R7 900
Gushiken Nkasaai	Cleaning Services	R3 980
Masiqhame Trading 719cc	Marquee for the sport	R1500
Beauty Pegeant	PA System x 1 day	R2 300
GRAND TOTAL		R306 396.00

Local Artists Beneficiation

Name	Amount
1. Pakes & Sdudla	R7 000
2. Friendly Friends	R5 500
3. J.V. Squad	R5 500
4. Emphasis	R5 500
5. Genine	R1 700
6. Ruan Slabber	R1 700
7. Traditional Poets	R1 000
8. Blaze Band	R6 000
9. Sully Entertainment	R4 500
10. Stage Play	R1 000

Grand Total for Local Artists : R39 400.00

To stimulate and encourage participation by local artists, the appointed Service Provider (Mfuleni Investments) for the Mohair Festival embarked on a programme to identify and audition of aspirant artists from the Ikwezi area. This was advertised through various mediums and artists were transported to Klipplaat for the auditions which proved extremely successful.

Support Social investment program

The Mohair Summits and the annual Mohair Festivals are some of the priority areas with tremendous potential to bridge the gap between the first and the second economy. Joint efforts between ECDC; Ikwezi Local Tourism Organization and Ikwezi Municipality saw the establishment of home stays initiative which is still at its planning stage. The home stay programme allows township residents to run bed & breakfast businesses. Ikwezi LTO will also handle the marketing and publicity of the home stay bed & breakfast businesses which would be otherwise be invisible without adequate marketing. The home stay programme is a feasible way to allow people from the historically disadvantaged groups to partake in the hospitality industry and tourism industry of Ikwezi area.

Small Business Associations: 1 (Agricultural Commodity Association).

Women Associations: one

Youth Associations: two (1 in Klipplaat and 1 in Jansenville)

The municipality has developed database of SMMEs and unemployed.

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	No dedicated LED budget	0%	0%
2	Number of LED stakeholder forum held	4	1	20%
3	Percentage of SMME that have benefited from a SMME support program	21	21	100%
4	Number of job opportunities created through EPWP	200	241	100%
5	<i>Number of job opportunities created through PPP</i>	50	60	100%

Challenges regarding LED strategy implementation

The municipality does not have a dedicated capex budget for the LED Unit. The unit relies on external support to implement its activities.

What needs to be done to address the challenges

The 5% allocation for LED from MIG funded projects within the municipality be utilised to address the challenges faced by the unit to implement its activities.

To enhance the engagement of public sector; private sector and parastatals to fund LED Programmes.

The municipality need to fastrack the establishment of the Business Chamber in the area and establish the Ikwezi Development Trust to drive development within Ikwezi area.

NYDA to commence its activities for SMME support in conjunction with SEDA and Khanya- Aiccd by making use of the office space allocated by the municipality.

SEDA's mandate is broader than the support, promotion and development of enterprises. The mandate includes the support and promotion of Cooperative enterprises, and to reach a greater variety of enterprises, particularly those located in rural areas. This support of alternative forms of enterprises will be an important way to facilitate the integration of the second economy into the first economy.

Through the re-orientation of public expenditure government departments have a central role to play in the promotion of the SMME economy. There is more awareness on the part of government departments of the need to tip the scales in favour of business within the emerging SMME economy. The emergent SMME economy consists mainly of the previously disadvantaged groups.

Reorienting public expenditure has more positive results especially at the local government level. Local government is the driving force which is essentially at the centre of local economic development interventions.

Chapter 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

The draft financial statements

The purpose of this report is to report on matters as they occurred during the financial year to 30 June 2011. The report has been compiled to reflect the financial position and the subsequent performance of the institution throughout the reporting year.

The primary function of the Finance Department is to ensure that proper management of financial resources is maintained at all times. Furthermore, it is to ensure that the institution is able to collect enough revenue to sustain itself going forward, while spending on allocated grants is being monitored. This objective links directly to that of assisting other Heads of Department to manage their budgets effectively.

The annual financial statements were submitted on time and in line with the requirements of the MFMA – that of submitting financial statements within two months of the end of the financial year.

4.1 Statement of financial performance

4.1.1 Operating results

Revenue from exchange transactions

	<i>Actual 2011</i>	<i>Actual 2010</i>
	<i>R</i>	<i>R</i>
Revenue		
Total revenue	44,710,470	36,595,908
	<u>44,710,470</u>	<u>36,595,908</u>

Expenditure

Total Expenditure	24,338,211	14,118,967
	<u>24,338,211</u>	<u>14,118,967</u>

4.1.3 Trading services

Electricity

	<i>Actual 2011</i>	<i>Actual 2010</i>
	<i>R</i>	<i>R</i>
Income	3,709,708	3,414,635
Expenditure	<u>3,593,457</u>	<u>2 807 726</u>
Surplus/(deficit)	<u>116,251</u>	<u>606,909</u>

Water services

	<i>Actual 2011</i>	<i>Actual 2010</i>
	<i>R</i>	<i>R</i>
Income	670,108	932,773
Expenditure	<u>1,494,784</u>	<u>1 302 446</u>
Surplus/(Deficit)	<u>(824,676)</u>	<u>(369,673)</u>

The municipality continues to provide water services at a loss due to lack of water meters. Consumption cannot be measured and as a result of that, the municipality is charging a flat rate for water services across the municipal area.

Statement of financial position

Capital expenditure and financing

Other fixed assets:

Vehicles			
Software	0		415695
Furniture and equipment	374,812	130,000	341 383
	<u>12,383,461</u>	<u>14,627,000</u>	<u>19,701,625</u>

4.3 Grants and transfers' spending

Grant details			Amount received and spent each quarter											
			1/04/10 to 30/06/10		01/07/10 to 30/09/10		01/10/10 to 30/12/10		01/01/11 to 30/03/11		01/04/11 to 30/06/11		Total	
Project name	Donor name	BF amount (R000)	Rec. (R000)	Spent (R000)	Rec (R000)	Spent (R000)	Rec (R000)	Spent (R000)	Rec. (R000)	Spent (R000)	Rec (R000)	Spent (R000)	Rec (R000).	Spent (R000)
FMG	NT	R0	1200	284	0	313	0	264	0	371	0	0	0	1200
MSIG	NT	R0	750	304		189		192		65			750	750
INEG	NT	R8000	0	947		1697		4598		3797			8000	11000
MIG		R0	7022	2356		3154		4548		687			7022	

From the above table, it is clear that the municipality developed enough internal capacity to spend its grants for capital projects.

4.4 Meeting of Donors' requirements in respect of conditional grants

The conditions of grant have been strictly adhered to for all Ikwezi's allocations for the 2010/11 financial year. The municipality has complied with the reporting requirements as required by section 71 of the Municipal Finance Management Act.

4.5 Long term contracts entered into by the municipality

During the year under review , the municipality entered into a lease contracts with the Toyota for two refuse removal trucks and the council sedan. The contract went through the supply chain management processes and is over a period of 5 years.

4.6 Annual performance as per key performance indicators in financial viability

The municipality was allocated R7,022,000 for MIG and R8,000,000 for electricity rectification and both grants were fully spent during the year under review.

The following grants were also spent in full during 2010/11 :

- Finance Management Grant for R1,200,000
- Municipal Systems Improvement Grant for R750,000

4.7 The Audit committee functionality

The audit committee meetings were conducted throughout the 2010/11 financial year. The chairperson's comments on the 2009/2010 financial statements will be included with the final report.

A Audit Committee Charter and Internal Audit Charter were also adopted by Council and signed with the members during 2010/11.

4.8 Arrears in property rates and service charges

The municipality has followed up its previous attempt at data cleansing by sending questionnaires to consumers. The purpose of this exercise is to get the members of the public to update contact details and account information. There has been significant improvement in the credibility of our billing data over the past financial year.

4.9 Progress on financial recovery plan

The financial recovery plan is the document developed by the municipality in 2008 and has been incorporated in the municipal turnaround strategy. The main objective of the recovery plan is to turn the municipality around and make itself sustainable. The key pillars of Ikwezi's financial recovery plan are the following :

- ❖ Data cleansing
- ❖ Review and update indigent register
- ❖ Review of valuation roll
- ❖ Development of credible asset register
- ❖ Development and review of revenue enhancement policies and by-laws
- ❖ Clean audits and
- ❖ Installation of water meters

The state of our billing data has always been influenced by external factors such as people moving from one house to another without informing the municipality. The practice has a major influence on municipal billing data. Some properties that are in the name of Ikwezi are being transferred to rightful owners in an effort to minimise the extent to which our billing data is inaccurate and also to ensure that the municipality is getting more revenue from property rates.

The municipality continues to monitor and implement its indigent policy. Statistics reveal that over 50% of inhabitants of Ikwezi are unemployed, but yet the indigent register does not reflect the same statistics. The municipality has made strides in ensuring that more people benefit from free basic services. The following tables depict progress made during the 2010/11 financial year :

Table 1 :

<i>Settlement</i>	<i>Number of Beneficiaries</i>	<i>%</i>
<i>Jansenville</i>	<i>734</i>	<i>70.9%</i>
<i>Klipplaat</i>	<i>301</i>	<i>29.1%</i>
<i>Total number of Households</i>	<i>1035</i>	<i>100%</i>

There were indigent awareness campaigns in February 2010. These campaigns were conducted by Councillors and officials visiting various units within Jansenville and Klipplaat.

The current valuation roll expired in June 2010 as per the Municipal Property Rates Act. The municipality is in the process of compiling a new valuation roll. An interim valuation was conducted in May 2010. A few farms and town properties were revalued. The municipality will be conducting a new valuation roll to be implemented in July 2011.

The development and maintenance of a credible asset register remains one of the objectives of the municipality. The purpose of this exercise is to ensure proper safe keeping of municipal assets and is also a requirement if a municipality wished to obtain an unqualified audit opinion.

4.10 Anti corruption strategy

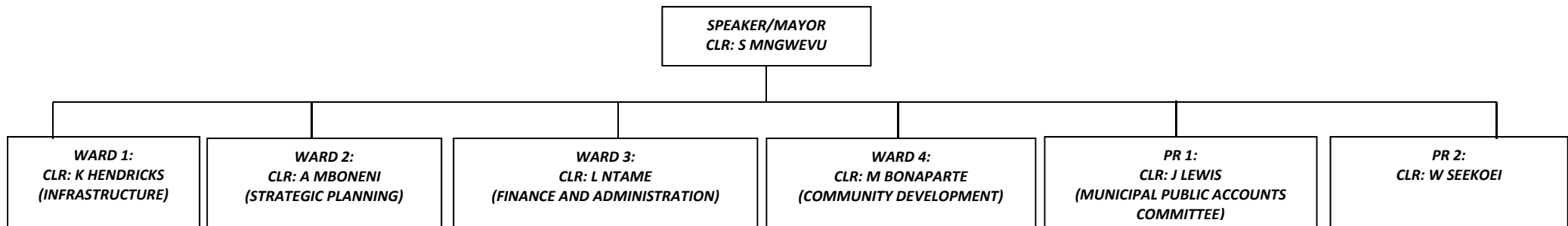
The municipality has developed a fraud prevention plan. The fraud prevention plan has not been reviewed since 2009 and Council is looking into this matter as it is a pivotal part of good governance. The municipality, with the assistance of its internal auditors is looking into reviewing its fraud prevention plan during the 2011/12 financial year.

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (KPA 5)

5.1 MUNICIPAL COUNCIL

The municipality is a Plenary System with the Speaker serving as Mayor. The functioning of Council is administered by the Office of the Mayor and Municipal Manager. All decisions are taken by Council, the Mayor and Municipal Manager in terms of authority delegated by legislation and delegations of authority as approved by Council.

Diagram 3: Council Structure





Council sat for nine Ordinary Council Meetings during the year under review.

There was only one functional portfolio committee during the year under review, that is, Finance Portfolio Committee. Council has established the following portfolio committees during the year under review:

- Finance and Administration
- Strategic Planning
- Community Development and
- Infrastructure

During November 2009, the Municipal Manager in consultation with the Mayor, organized a workshop to educate both councilors and officials on various aspects relating to portfolio committees.

5.2 Public Participation

During the year under review, council set aside the 07th – 09th of December 2009 to consult the public on issues related to the **demarcation process**. The meetings were highly successful. The following are issues that are still troubling our communities per settlement area:



Table 20: Issues Raised by Communities during Public Participation

Community	Total Part.	Issues	Progress to date
Klipplaat	148	1. Language issue in terms of public participation and the document itself came out strong as one of the contributing factors towards poor participation from the community. Unit members recommended that the document be summarized in both Afrikaans and Xhosa.	11. The translation is still work in progress and will be implemented in the new financial year during IDP review.

		<p>2. Street names, the municipality to look at this as one of its priorities as it will ensure speedy response from the police service.</p> <p>3. Public transport is a costly item for already poor households</p> <p>4. Efforts should be made to attract investors to Klipplaat in so doing creating economic infrastructure that reduced the need to Klipplaat community to travel far for basic goods.</p> <p>5. Quality of water and the management thereof (people are currently wasting water)</p> <p>6. Municipality to consider improving the standard of hardwood houses i.e. electricity</p> <p>7. Poor police service i.e. police vehicles, no phone at the police station and well as poor customer service.</p> <p>8. TV station crisis – the station goes off frequently</p> <p>9. Clinics, there is only one sister in charge. The issue of shortage of</p>	<p>12. The issue will be addressed with the roads and storm water drainage project in Jansenville. The project is at construction stage</p> <p>13. The LED department will look into this as this requires entrepreneurs to take the initiative</p> <p>14. A few initiatives have already been started in Klipplaat through the LED department. The revitalization of railway line is one such example.</p> <p>15. The issue is being addressed as already outlined under Basic Service Delivery.</p> <p>6.The municipality is looking at budgeting for this request during the coming financial years</p>
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		<p>doctors, ambulance and general poor service delivery.</p> <p>10. Unavailability of shops around Klipplaat. The available ones are too expensive because there is no competition and thus resulting in more poverty.</p> <p>11. The municipality to look at old RDP houses as some of them are currently leaking</p> <p>12. Poor service delivery from the municipality i.e. street lights, maintenance of the halls, upgrading of the Klipplaat library e.g. installation of computers.</p>	<p>7. The matter has been referred to S.A.P.S</p> <p>8. The matter has been discussed with Mr PT Fourie and a decision was taken that only Mr Fourie must have access to the TV station</p> <p>9. The assistant's position has been advertised but the municipality is unable to attract candidates due to the rural nature of our municipality</p> <p>10. Referred to the LED department for the purposes of SMME development</p> <p>11. The matter is to be addressed in 2010. Not enough budget. Housing Department to also contribute.</p>
Jansenville	115	<p>1. Urgent need for a new Cemetery and in the meantime the municipality must consider putting temporary toilets at the cemetery for the convenience of the community.</p> <p>2. Maintenance of the cemetery (it is currently dirty and there is no fencing)</p> <p>3. Old RDP Houses that need renovations</p>	<p>1. The EIA for new cemetery site has been approved. Construction to start in 2011/12</p> <p>2. Appointment of caretakers during the 2010/11 financial year</p> <p>3. A housing function</p> <p>4. The matter will be taken up with LRC</p> <p>5. roads project is currently underway to address this issue</p> <p>6. the roads and stormwater drainage project will address this</p>

	<p>4. New Houses criteria and toilet snags under LRC</p> <p>5. Internal Roads needs urgent attention as those that are tarred are full of potholes</p> <p>6. Storm water drainage causing floods when it rains.</p> <p>7. Street lights not working due to poor monitoring/maintenance</p> <p>8. Municipality to consider installation of high mast lights as requested in 2006.</p> <p>9. Bursting of sewer pipe lines</p> <p>10. Municipality to take into cognisance the issue of illegal dumping sites (spoogter house) in the locations and to also look at the dumping site next to the cemetery</p> <p>11. Municipality to speed up process of ensuring that services are brought closer to the people i.e. home affairs.</p> <p>12. Land issues- what is the municipality doing to ensure that scarcity of land is avoided and that</p>	<p>7. Highmast lights expected to be completed by February 2011 in Jansenville</p> <p>8. to be completed in February 2011</p> <p>9. Educational program to be rolled out by the municipality to warn communities about the consequences of using foreign objects that eventually cause blockages to the sewer system</p> <p>10. Enforcement of by-laws by the law enforcement officer. Appointment to be finalised in 2011</p> <p>11. The Thusong centre will address this by bring many govt departments to the communities.</p> <p>12. SDF review will assist in reducing the problem</p> <p>13. a COMPREHENSIVE asset register was compiled</p> <p>14. treatment plant in Jansenville is being investigated.</p> <p>15.</p>
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		<p>house are built for the community of Jansenville.</p> <p>13. Assets and land of the municipality.</p> <p>14. Water issue (quality and quantity)</p> <p>15. Housing applications are problematic for example an old man that applied and his application was denied due to information that a house in the metro is already registered under his name. How is the municipality responding to such issues?</p>	
Waterford	22	<p>1. Poor service delivery of the municipality i.e. response time, for example the issue of the pump station it has been reported several times and nothing has been done to address it</p> <p>2. Water crisis even the tanks installed have no water.</p> <p>3. Urgent need for a shop, where the community would be able to go and buy instead of driving all the</p>	<p>Proper chain of communication to be set in place for quick response on complaints</p> <p>Waterford's reticulation was fixed.</p>

		<p>way to Jansenville even for small/little items like paraffin or sugar.</p> <p>4. Vegetation plant which will serve as a measure of eradicating poverty in this area and also as an LED initiative.</p> <p>5. Establishment of a crèche' (pre-school) and a Primary School.</p> <p>6. Income generating options such as a wood project</p> <p>7. Improve the visibility of the Mobile clinic within this area or community health workers.</p> <p>8. Municipality to assist by ensuring that pension does come to Waterford instead of people having to</p>	<p>SASSA had a problem, the total number of the population of Waterford does not meet the requirement for the Department to come and serve the community.</p>
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(Source: Integrated Development Plan – Revised for 2010/2011)

In January 2010, Council had another public participation week during the week of 18 – 21. The purpose of the meetings was to inform the communities on progress made in addressing the above mentioned issues, provide reasons why some of the issues are still not addressed and report on mid – year performance of the municipality.

5.3 Establishment of ward committees and functionality

The municipality has established four wards as a result of the demarcation process after the 2011 elections. The 8 administrative units were replaced by the 4 wards and ward committees will be formally established in the next financial year. The committee interacts with the municipality on behalf of the community.

5.4 Community Development Workers

There are four CDWs in Ikwezi, serving Jansenville, Klipplaat , Wolwefontein and Waterford. The existence of CDWs in Ikwezi is a serious challenge both administratively and politically. They report to the Office of the Mayor but administratively, they report to the Office of the Municipal Manager. What this means is still elusive.

The four CDWs in Ikwezi have since been allocated to each ward councilor and they also operate as support function to the ward.

Communities are sometimes confused with their role and this confusion is a recipe for misconceptions and conflict of interests.

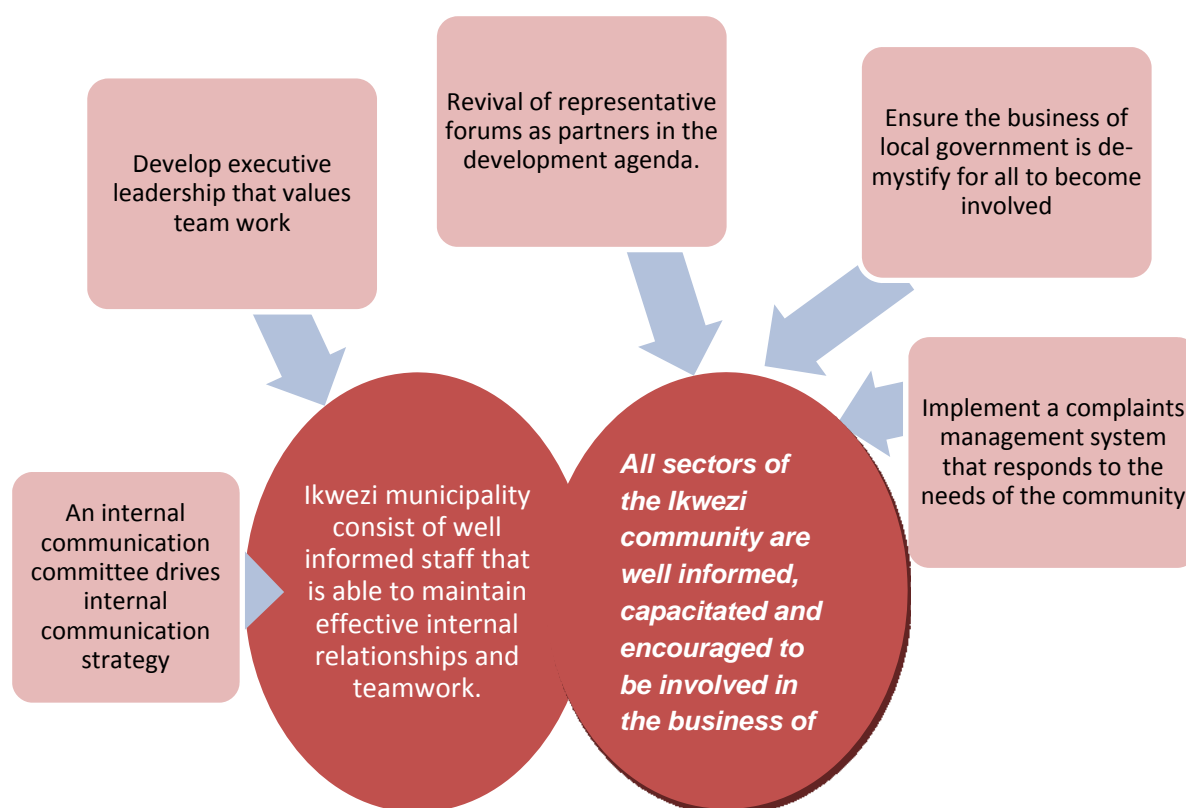
5.5 Communications

A draft Communications Strategy has been developed. The strategy will be tabled to council in the new financial year for final approval. Management is in the process of reviewing the Communications Policy to be in tandem with the strategy. Aggressive internal consultation has already taken place and the two documents will be in full operation in 2010/2011 financial year.

Council intends to continue to publish its own newsletter – Ikwezi Chronicles - in the new financial year. The newsletter will be published quarterly covering municipal information and issues raised by the community.

The following diagram depicts the municipal approach on communications and intergovernmental relations:

Diagram 4: Communications and Relationship Building



(Source: Strategic Planning, 2009)

5.6 Risk Management

During the 2009/2010 financial year, the new internal auditors (KPMG) together with Council conducted another Risk Assessment Workshop. . A process of identifying risks took place in April 2011 wherein management was assessing the impact of those risks identified in 2009 and they were found to be still having an impact. The following risks which have the potential to impede Council in achieving its objectives were identified:

Table 21: Top 10 Risks from Risk Assessment 2009/2010

<i>Risk number</i>	<i>Risk name</i>	<i>Risk number</i>	<i>Risk name</i>
1	Lack of quality / quantity of water supply	6	Inappropriate / Inadequate skilled employees
2	Lack of a quality infrastructure	7	Lack of IT Governance
3	Poor supervision	8	Inadequate implementation of policies and decisions
4	Inadequate funding	9	Inadequate asset management
5	Poor communication with all stakeholders	10	Lack of SMME development

(Source: Ikwezi Municipality Risk Assessment Report 2009/2010)

Through this process, the municipality developed a Risk Register that also shows how management intends to address both tolerable and intolerable risks. The Municipal Manager through the monthly Extended Management Meetings, monitors progress and then report quarterly to the Audit Committee.

5.7 Intergovernmental Relations

The Local Communicator's (LCF) is not functional and District Communicator's Forum (DCF) is fully functional.

Ikwezi Development Initiative (intervention by the Office of the Premier in Ikwezi) is functioning well. The initiative provided an opportunity to access some provincial departments.

Ikwezi Municipality has also been recently declared as a **Rural Development Node** by the national Ministry: Rural Development.

This means that the municipality will serve as one of pilot municipalities in the country for serious development interventions by national and provincial government. This concept still needs to be unpacked.

Ikwezi Municipality hereby proposes the following national and provincial interventions:

- Service delivery through elimination of infrastructure backlogs – the Department of Local Government and Traditional Affairs, Cooperative Governance and Traditional Affairs and National Treasury must secure funds to implement Comprehensive Infrastructure Plans (CIPs) that were developed in 2008.
- Reviewing of the formula for Equitable Share to be bias to financially distressed municipalities.
- A discussion to incentives senior managers serving in rural municipalities which do not have financial capacity to attract skilled professionals and/or retain them.
- Provincial government strengthens its supporting role of municipalities especially during IDP Review Processes (IGR) and
- National government attends to legislation that impedes service delivery.
- Urgent assistance of Ikwezi Municipality with Spatial Planning
- Provision of skilled personnel (qualified engineer, town planner and communications practitioner) through Siyenza Manje Programme

The municipality is sharing the Audit Committee with Camdeboo and Blue Crane Route Municipalities. Ikwezi is also investigating section 78 on water services and environmental health with Cacadu District Municipality.

The municipality hosted successful Public Service Week on 20-24 June 2011. The municipality conducted eight Local Inter Sectoral Steering Committee meetings in 2010/11 financial year.



LEGAL MATTERS

The municipality has outsourced the function as it does not have financial capacity to have an in – house legal unit. The municipality has outsourced the function to Patel and Associates based in Port Elizabeth.

There is a historical case which is still pending and not finalized during the year under review, namely:

Table 22: Pending Legal Cases

CASE NUMBER	CASE NAME	COMMENCEMENT DATE
ECD110476	M BLOUW v IKWEZI	SEPTEMBER 2004
	M MEYER v IKWEZI	JULY 2010
	JANSENVILLE TAXI ASSOCIATION v IKWEZI	2006
	P ERUSMAS v IKWEZI	2010

Management of legal risks is integrated in the overall Municipal Risk Management Strategy.

There were no default judgments during the year under review.